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U.S. DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY

IT'S ALWAYS A PLEASURE TO HAVE THE OPPORTUNITY TO
ATTEND AND PARTICIPATE IN YOUR MEETINGS, AND I WANT TO
THANK THE ASSOCIATION FOR THE KIND INVITATION TO DO SO
TODAY. I WOULD LIKE TO REPORT, BRIEFLY, ON SOME OF THE
ACTIVITIES WE IN THE DEPARTMENT OF AGRICULTURE HAVE BEEN
INVOLVED IN, AND I WOULD LIKE TO BEGIN BY REVIEWING OUR
GROWING ROLE IN THE INTERNATIONAL INSTITUTE FOR COTTON.
AS THE DELEGATE FOR THE UNITED STATES, I'VE HAD THE PRIVILEGE
OF SERVING AS PRESIDENT OF IIC, AND BOTH IN THIS CAPACITY AND
PERSONALLY, I WOULD LIKE TO COMPLIMENT AND THANK YOU FOR

214 bcsb
REMARKS BY P. R. "BOBBY" SMITH, ASSISTANT SECRETARY FOR
MARKETING AND TRANSPORTATION SERVICES, AT THE AMERICAN COTTON
SHIPPERS ASSOCIATION 55TH ANNUAL CONVENTION, MEMPHIS, TENNESSEE,
MAY 11, 1979.

YOUR LEADERSHIP AND FORESIGHT WITH RESPECT TO THE
INTERNATIONAL INSTITUTE FOR COTTON. THE AMERICAN COTTON
SHIPPERS ASSOCIATION SAW THE NEED TO PRESERVE IIC AND
MOVED DECISIVELY TO KEEP IT GOING. YOU WERE THE FIRST TO
PLEDGE FINANCIAL SUPPORT FROM THE INDUSTRY, LAYING THE
FOUNDATION OF THE EFFORT TO KEEP THIS IMPORTANT MEANS FOR
EXPANDING MARKETS FOR COTTON ALIVE.

THE NEED, HOWEVER, CONTINUES. IN THE YEARS AHEAD
COMPETITION WITH SYNTHETIC FIBERS CAN ONLY INTENSIFY, AND
THE NEED FOR PROMOTION AND MARKET DEVELOPMENT EFFORTS FOR
COTTON MUST INCREASE PROPORTIONALLY IF WE ARE TO MAINTAIN
A GROWING MARKET WORLDWIDE.

ALSO IN THE AREA OF FUNDING FOR IIC, WE HAVE ONLY RECENTLY ESTABLISHED A NEW LEVY SYSTEM TO APPORTION FINANCIAL RESPONSIBILITY AMONG MEMBER COUNTRIES. WE HAVE DEvised A FORMULA CONSISTING OF SEVERAL STEPS:

A. FIRST, A NEW TRADE FIGURE IN COTTON AND COTTON TEXTILES TO ALL DESTINATIONS EXCEPT NON-COMMERCIAN TRADE AND TRADE BETWEEN IIC MEMBERS IS ESTABLISHED IN BALE EQUIVALENTS.

B. SECONDLY, A FACTOR REPRESENTING PER CAPITA GROSS NATIONAL PRODUCT IS ASSIGNED EACH MEMBER COUNTRY, WITH A FACTOR OF .5 BEING GIVEN FOR COUNTRIES WITH A PER CAPITA GNP BELOW \$250; .7 FOR THOSE WHOSE GNP RANGES

BETWEEN \$250 AND \$750; .9 FOR THOSE BETWEEN \$750 AND \$1,500, AND A FACTOR OF ONE FOR COUNTRIES WITH A PER CAPITA GNP OVER \$1,500 A YEAR.

C. BY MULTIPLYING THE GNP FACTOR BY THE TRADE FIGURE, A PERCENTAGE FIGURE IS ARRIVED AT THAT REFLECTS A COUNTRY'S OBLIGATION TO THE IIC BUDGET.

WHILE THIS IS SOMEWHAT COMPLEX, WE BELIEVE IT IS FAIR, AND WILL HELP GET IIC ON A STABLE FINANCIAL FOOTING.

WE ARE ALSO WORKING TO EXPAND THE MEMBERSHIP OF IIC BY BRINGING INTO THE ORGANIZATION COUNTRIES IN BOTH LATIN AMERICA AND AFRICA. IN RECENT WEEKS, I HAVE VISITED ARGENTINA, PARAGUAY, AND COLOMBIA IN AN INTENSIVE RECRUITMENT

EFFORT AND LATER THIS SUMMER I WILL BE VISITING EGYPT,
THE SUDAN, AND ISRAEL FOR TALKS AIMED AT BRINGING THESE
NATIONS INTO IIC.

FINALLY, ON THE TOPIC OF IIC, I WOULD LIKE TO COMMENT
ON THE NEW COOPERATIVE RELATIONSHIP WE HAVE JUST ESTABLISHED
WITH THE COMMITTEE FOR INTERNATIONAL COOPERATION BETWEEN
COTTON ASSOCIATIONS. WE ARE GRATEFUL FOR THEIR EXPRESSIONS
OF SUPPORT FOR IIC IN THEIR PUBLIC STATEMENTS, AND ALSO FOR
THEIR DECISION TO URGE CURRENTLY NON-PARTICIPATING NATIONS
TO JOIN IIC. IIC AND THE COMMITTEE HAVE GRANTED EACH
OTHER OBSERVER STATUS, AND WE ARE LOOKING FORWARD TO A
GROWING COOPERATION AS AN ACKNOWLEDGEMENT OF A COMMON

INTEREST BETWEEN MERCHANTS AND THE IIC TO MAINTAIN BOTH COTTON PRICES AND COTTON TRADE.

ON THE DOMESTIC SIDE, THERE ARE NO DRAMATIC DEVELOPMENTS TO REPORT. THE APRIL PLANTING INTENTIONS REPORT INDICATED A 1979 TOTAL OF 14.4 MILLION ACRES WOULD BE PLANTED TO COTTON. IF REALIZED, THIS ACREAGE WILL EXCEED LAST YEAR'S PLANTINGS BY EIGHT PERCENT AND 1977 BY FIVE PERCENT.

ON THE CONGRESSIONAL FRONT, ACTIVITY RELATING TO COTTON HAS BEEN SOMEWHAT LIMITED, THOUGH ON THE 16TH OF LAST MONTH, THE HOUSE AGRICULTURE COTTON SUBCOMMITTEE UNANIMOUSLY REPORTED HR-3514 TO THE FULL COMMITTEE. THIS BILL WOULD:

1. RAISE THE FLOOR FOR COTTON LOAN RATES FROM 48 CENTS TO 50.23 CENTS FOR 1980 AND 1981,
2. PROVIDE LOW-YIELD DISASTER PAYMENTS FOR COTTON PRODUCERS PREVIOUSLY INELIGIBLE BECAUSE OF FAILURE TO COMPLY WITH THE FEED GRAINS SET-ASIDE PROGRAM FOR 1978, AND
3. IT WOULD REQUIRE THE SECRETARY OF AGRICULTURE TO INITIATE A VOLUNTARY PAID DIVERSION ON UPLAND COTTON AT NOT LESS THAN A 10 PERCENT OR MORE THAN 20 PERCENT REDUCTION FROM 1978 ACREAGE, WITH PAYMENTS AT NOT LESS THAN 2 CENTS A POUND. THE MEASURE WAS SEEN BY THE SUBCOMMITTEE AS A WAY TO PREVENT THE LOAN RATE FROM SLIPPING BACK FROM THE CURRENT 50.23 CENTS TO 48 CENTS IN 1980, AS WELL AS TO ADDRESS THE

PROBLEM OF QUALIFYING FOR DISASTER PAYMENTS. THE FULL COMMITTEE IS EXPECTED TO TAKE UP THE BILL AGAIN NOW THAT CONGRESS HAS RETURNED.

I WOULD LIKE TO EXPRESS MY APPRECIATION TO MEMBERS OF THIS ORGANIZATION FOR SERVING AS COLLECTING HANDLERS IN THE COTTON RESEARCH AND PROMOTION PROGRAM. WE ARE AWARE THAT THIS SERVICE IS TIME-CONSUMING AND COSTLY TO YOU...AND THERE IS NO QUESTION THAT WITHOUT THIS CONTRIBUTION FROM YOU THE PROGRAM SIMPLY COULD NOT FUNCTION. WITH THE COMPETITION WE CONSTANTLY FACE FROM SYNTHETIC FIBERS, THERE IS GREAT NEED FOR THIS PROGRAM AND I KNOW I SPEAK NOT ONLY FOR THE DEPARTMENT BUT FOR THE ENTIRE INDUSTRY WHEN I THANK YOU FOR YOUR SERVICE AS COLLECTING HANDLERS.

I HAVE ENJOYED BEING WITH YOU TODAY AND I WANT TO
AGAIN EXPRESS MY THANKS TO THE ASSOCIATION FOR ALLOWING
ME TO BE A PART OF THIS, YOUR 55TH ANNUAL CONVENTION.

THANK YOU.

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